

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00
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P 211210Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 5008
INFO ALL EC CAPITALS
AMEMBASSY OTTAWA
AMEMBASSY HELSINKI
AMEMBASSY STOCKHOLM
AMEMBASSY OSLO
USMISSION GENEVA

C O N F I D E N T I A L BRUSSELS 03274

USEEC

E.O.11652:GDS
TAGS: ETRD, EEC
SUBJECT: EC ANTI-DUMPING INVESTIGATION ON KRAFT LINER

REF: BRUSSELS 3050

1. IN CONVERSATION WITH MISSION OFFICER FEBRUARY 17, EC
OFFICIAL IN CHARGE OF ANTI-DUMPING INVESTIGATIONS HANS
BESELER EXPRESSED CONSIDERABLE SATISFACTION WITH OUTCOME
OF CONFRONTATION SESSION AND INDIVIDUAL MEETINGS WITH
U.S. FIRMS WHICH TOOK PLACE FEBRUARY 16 AND 17.

2. BASED ON PRIVATE MEETINGS, HE SAID IT IS CLEAR THAT
CURRENT PRICE OF KRAFT LINER DELIVERED TO U.S. CUSTOMERS
RANGES FROM \$185 TO \$215 PER SHORT TON. U.S. PRODUCERS
WOULD LIKE PRICE TO REACH \$215 PER SHORT TON AND AS
INTERIM MEASURE LOOK TOWARD A PRICE OF \$195 PER SHORT
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TON BY MARCH 1. BESELER CAUTIONED THAT HIS ANALYSIS IS
NOT YET REFINED BUT THAT, BY USING \$195 FIGURE, DEDUCTING
U.S. FREIGHT CHARGES AND CONVERTING TO METRIC TONS,
ADDING OCEAN FREIGHT AND INSURANCE AND OTHER COSTS, A
NORMAL PRICE CIF IN EUROPE WOULD APPEAR TO BE IN THE
RANGE OF \$255 PER METRIC TON. HE NOTED THAT THIS WOULD
BE WELL BELOW \$285 FIGURE MENTIONED BY EUROPEAN PRODUCERS

IN CONFRONTATION SESSION.

3. BASED ON INFORMATION GATHERED FROM U.S. FIRMS, BESELER SAID THAT IT IS ABSOLUTELY CLEAR THAT MUCH U.S. EXPORT OF KRAFT LINER IS COMING IN ABOVE THE \$255 NORMAL PRICE AND THEREFORE HAS NOT BEEN BEING DUMPED. MOREOVER, HE SAID, SALES BELOW THAT PRICE APPEAR TO HAVE BEEN MADE EITHER BY BROKERS OR BY U.S. FIRMS THAT HAVE THUS FAR NOT COOPERATED IN THE EC INVESTIGATION. ONE POSSIBLE COMMUNITY DECISION WOULD BE TO ESTABLISH THAT A PRICE IN THE RANGE OF \$255 WOULD BE THE NORMAL VALUE AND THEN LEVY A PROVISIONAL DUTY ON IMPORTS BELOW THAT PRICE SUFFICIENT TO BRING THEM UP TO IT.

4. BESELER WENT ON TO SAY THAT ONE HIGHLY POSITIVE BENEFIT OF THE CONFRONTATION SESSION HAD BEEN TO ESTABLISH THAT SWEDISH FIRMS, AND PROBABLY CANADIAN, WERE ALSO DUMPING. IN ADVANCE OF CONFRONTATION, EC FIRMS HAD INSISTED THAT SWEDES WERE NOT DUMPING. FACED WITH U.S. FIRMS' INSISTENCE THAT THIS WAS NOT SO, THEY CHANGED THEIR TUNE AND, FOLLOWING DEPARTURE OF U.S. FIRMS FROM CONFRONTATION SESSION ADMITTED THAT THEY TOO HAVE EVIDENCE THAT SWEDES HAVE BEEN DUMPING.

5. BESELER SAID THAT HE HAD ADVISED EC FIRMS TO FILE AN ANTI-DUMPING COMPLAINT AGAINST SWEDES IMMEDIATELY. HE
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SAID HE HAD MADE CLEAR TO THEM THAT COMMISSION COULD HARDLY PROCEED AGAINST U.S. FIRMS UNTIL SWEDES HAD BEEN DRAWN IN, PARTICULARLY SINCE THEY FORM SUCH A MAJOR PART OF THE MARKET. SITUATION OF CANADIAN FIRMS IS LESS CLEAR. ALTHOUGH THEY TOO APPEAR TO BE DUMPING, CASE MIGHT TAKE LONGER TO PREPARE AND POLITICAL PRESSURES ARE SUCH THAT EC COMMISSION WILL NEED TO MOVE RAPIDLY.

6. NEXT SESSION OF EC ANTI-DUMPING COMMITTEE IS NOW SCHEDULED FOR FEBRUARY 27. BESELER IS HOPEFUL THAT COMPLAINT AGAINST SWEDISH FIRMS WILL HAVE BEEN FILED BEFORE THEN SO THAT, TO THE EXTENT POSSIBLE, THE PROCEDURES WILL RUN IN PARALLEL. HINTON

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